

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

<b>In Re:</b>  <b>W.R. GRACE &amp; CO., et al.,</b>  <b>Debtors.</b>	<b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b>	<b>Chapter 11</b>  <b>Jointly Administered</b> <b>Case No. 01-01139 (JKF)</b>
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**FEE AUDITOR'S FINAL REPORT REGARDING  
FEE APPLICATION OF PACHULSKI, STANG, ZIEHL,  
YOUNG & JONES P.C. FOR THE EIGHTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Interim Fee Application of Pachulski, Stang, Ziehl, Young & Jones P.C. for the Eighth Interim Period.

**BACKGROUND**

1. Pachulski, Stang, Ziehl, Young & Jones P.C. ("Pachulski") was retained as local counsel to the debtors. In the Application, Pachulski seeks approval of fees totaling \$59,932.00 and costs totaling \$58,237.47 for its services from January 1, 2003, through March 31, 2003.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States

Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served on Pachulski an initial report based on our review, and received a response from Pachulski, portions of which response are quoted herein.

## **DISCUSSION**

### General Issues

3. In our initial report, we noted that the Application was generally adequately detailed and the time entries free of lumping.

### Specific Time and Expense Entries

4. We further noted a number of instances throughout the Application totaling 2.9 hours and \$581.00 that appear to represent duplications. (See Exhibit A) While these entries may reflect repetitive tasks rather than duplications, that is not clear from the descriptions. U.S. Bankruptcy Code § 330 (4)(A)(i), states, [e]xcept as provided in subparagraph (B), the court shall not allow compensation for – (i) unnecessary duplication of services; . . .”. We asked Pachulski to clarify the time entries provided in Exhibit A. Pachulski responded as follows:

Eleven items were noted on Exhibit A to the Initial Report as potential duplicate entries. The entries for PEC, totaling \$273.00, were reviewed and it was determined that these time charges are not duplicative, rather they reflect the same type of task performed at different times during the day. The entries for SEM, totaling \$83.00, were reviewed and it was determined that these time charges are not duplicative, rather they reflect calls at different times of the day on two distinct issues relating to the agenda. The entries for WLR were not verified as it was determined that the time necessary to retrieve and review the time keeping records could not be justified as the time in question is immaterial. Accordingly, PSZYJW will voluntarily agree to a reduction in fees of \$112.50.

We appreciate the response and thus recommend a reduction of \$112.50 in fees.

5. In our initial report, we noted two meal expenses totaling \$99.50 for which there is insufficient detail to assess the reasonableness of the costs. The entries are provided below.

01/30/2003	BM	Business Meal-Zanzibar Blue Rest. (CAH) [E111]	\$57.00
01/27/03	BM	Business meal-Cavanaugh's (LDJ) [E111]	\$42.50

In each case, we asked Pachulski to provide the number of diners and indicate whether the meal expense was for breakfast, lunch or dinner. Pachulski responded as follows:

Two meals, totaling \$99.50, were noted in the initial report as containing insufficient detail. The detail for these items is as follows:

1/30/2003 Business Meal- Zanzibar Blue Restaurant (\$57.00). This was a meal brought in to PSZYJW to feed 2 attorneys, S. McFarland and P. Galbraith, who were working through dinner on W.R. Grace matters.

1/27/2003 Business Meal- Cavanaugh's. This was a catered lunch brought into PSZYJW to feed approximately 3 people (including attorneys J. Baer and P. Galbraith, and a client representative) preparing for the hearing on that date or meeting after such hearing.


We appreciate the response and have no objection to these expenses.

### CONCLUSION

6. Thus, we recommend approval of fees totaling \$59,819.50 (\$59,932.00 minus \$112.50) and costs totaling \$58,237.47 for Pachulski's services from January 1, 2003, through March 31, 2003.

Respectfully submitted,

**WARREN H. SMITH & ASSOCIATES, P.C.**


By:   
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**FEE AUDITOR**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 19<sup>th</sup> day of August, 2003.

  
Warren H. Smith

**SERVICE LIST**

Notice Parties

**The Applicant**

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**United States Trustee**

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## Exhibit A

01/06/03	PEC	Review daily correspondence and pleadings for daily memo re forwarding to the appropriate individuals	0.30	130.00	\$39.00
01/06/03	PEC	Review daily correspondence and pleadings for daily memo re forwarding to the appropriate individuals	0.40	130.00	\$52.00
01/09/03	PEC	Update critical dates memo	0.80	130.00	\$104.00
01/09/03	PEC	Update critical dates memo	0.60	130.00	\$78.00
01/27/03	WLR	Correspondence to Ira D. Kharasch regarding status of December 2002 fee application.	0.10	375.00	\$37.50
01/27/03	WLR	Correspondence to Ira D. Kharasch regarding status of December 2002 fee application.	0.10	375.00	\$37.50
01/28/03	WLR	Correspondence to Liliana Gardiazabal regarding status of December 2002 fee application.	0.10	375.00	\$37.50
01/28/03	WLR	Correspondence to Liliana Gardiazabal regarding status of December 2002 fee application.	0.20	375.00	\$75.00
01/28/03	WLR	Correspondence to Liliana Gardiazabal regarding status of December 2002 fee application.	0.10	375.00	\$37.50
02/06/03	SEM	Telephone conference with Paula A. Galbraith regarding February 24 agenda.	0.10	415.00	\$41.50
02/06/03	SEM	Telephone conference with Paula A. Galbraith regarding February 24 agenda.	0.10	415.00	\$41.50